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FISCAL POLICIES MANUAL

GENERAL INFORMATION: FISCAL POLICY ADVISORY COMMITTEE, FISCAL POLICY MANUAL, RESOURCE AGENCIES

FISCAL POLICY ADVISORY COMMITTEE (FPAC)

In August 1993, Governor Cecil Andrus formed the Statewide Fiscal Policy Advisory Committee, to be co-chaired by representatives from the State Controller's Office and the Division of Financial Management. Committee appointees are accounting professionals from major financial centers of the State. The Committee began its meetings on September 2, 1993.

The Committee was assigned to assist and advise the State Controller in establishing consistent statewide fiscal policies (as authorized under *Idaho Code* 67-1021) for all State agencies. This is the primary goal of FPAC.

Whenever possible, as policies are finalized, agencies will be given the opportunity to review and comment on those policies before they are implemented. Once the policies have been approved by the State Controller for implementation, the policies will be published in a State of Idaho Fiscal Policies Manual.

BACKGROUND

In the past few decades several governmental entities have experienced economic difficulties verging on bankruptcies. This has led the Federal government and other interested third parties to issue policy standards encouraging governmental accounting practices that conform to Generally Accepted Accounting Principles (GAAP) with full disclosure.

GAAP refers to the uniform minimum standards of and guidelines to financial accounting reporting. These factors have created a new era in financial and management responsibility placed upon state governments. In response the accounting, reporting, and auditing practices, traditionally followed in Idaho, needed to be revised to adhere more closely to GAAP for governments.

The evolution defining governmental accounting principles was formalized in 1968 with the National Council on Governmental Accounting's (NCGA) publication entitled Governmental Accounting, Auditing, and Financial Reporting (GAAFR). The accounting principles outlined in GAAFR received wide acceptance by governmental accountants, finance officers, and other officials of governments, as well as independent practicing accountants.

In 1979 NCGA issued NCGA Statement #1. This statement essentially restated, with minor revisions, the principles outlined in the 1968 GAAFR. In April, 1984, the Governmental Accounting Standards Board (GASB) was formed under the auspices of the Financial

Accounting Foundation to become the successor organization to NCGA. GASB has issued several statements and continues to promulgate GAAP for state and local governments' financial accounting and reporting.

MISSION STATEMENT

To assist and advise the State Controller, as appropriate, in providing financial leadership matters to ensure maximum accountability for the use of public resources.

COMMITTEE GOALS

The Committee goals are to establish uniform accounting and reporting standards and guidelines for all state agencies. The policies will:

- Be developed and directed by three primary criteria: simplicity, consistency, and accountability.
- Identify and assist in meeting the needs of state agencies.
- Assist state agencies and other state decision-makers in better managing and reporting the fiscal affairs of the State of Idaho.
- Assist in issuing GAAP based statewide financial statements that are available for an annual audit with an unqualified opinion.
- Help ensure internal control procedures are in place for sound financial management.

BASIC PARAMETERS

For this Committee to be effective, certain parameters have to be identified in order for the direction and scope of the individual members to be generally consistent. These basic parameters are, at a minimum, the following:

- Authority is given to the Advisory Committee through *Idaho Code* 67-1021(2).
- All policies and procedures promulgated by the State Controller will be based on GAAP, and legal requirements. Such policies and rules will allow for agency comment before going into effect.
- Except as noted by the State Controller, all state agencies will utilize the Statewide Accounting and Reporting System (STARS) to the fullest extent possible for their financial accounting and reporting.
- Appropriations for State expenditures (including encumbrances) are recognized on a cash basis. During the fiscal year the accounting system will reflect expenditures on a budgetary basis. The State Controller will define the process for gathering the necessary information from the agencies to prepare the annual report on an accrual basis for audit purposes. Such accrual information gathered at fiscal year end will not be recorded in STARS.
- The responsibility for the accuracy of the financial data in STARS rests primarily with the respective agency.

FISCAL POLICIES MANUAL: APPLICATION AND INTERPRETATION OF THE MANUAL

The State of Idaho purchased the Statewide Accounting and Reporting System (STARS) accounting package developed by KPMG Peat Marwick in 1988. The State Controller's Office has modified STARS to meet the State's specific accounting needs and to provide a better management tool. The STARS Users Manual provides information regarding the financial reporting system.

The Fiscal Policies Manual is for integral use with the STARS Users Manual. The Fiscal Policies Manual will be used extensively by the agencies to assure proper State and Federal accounting procedures are being followed. Within each chapter, each fiscal policy is followed by an administrative procedure section. However, detailed procedures are not included in this manual.

Questions, comments, or suggestions regarding this manual should be addressed to:

Office of the State Controller
Division of Statewide Accounting
Joe R. Williams Building (4th floor)
700 West State Street
P.O. Box 83720
Boise, ID 83720-0011
Phone 334-3150
Fax 334-3415

RESOURCE AGENCIES

Idaho Code assigns the responsibilities for various functions of State government to other administrative or constitutional officers of the State. Listed below are some of the offices from which specific guidance and instructions may be obtained:

ADMINISTRATION, DEPARTMENT OF

Idaho Code Title 67, Chapter 57

INTERNAL MANAGEMENT SYSTEMS, DIVISION OF

The Department of Administration, Division of Internal Management Systems, is responsible for administering statewide employee benefits including health insurance, life insurance, and disability insurance; administering statewide risk management programs including loss prevention, claims management, and contract administration; administering the Integrated Behavioral Health Program for all State employees and their families; and administering the Industrial Special Indemnity Fund.

Integrated Behavioral Health Program 332-1861
Group Insurance 332-1861
Industrial Special Indemnity Fund 332-1836
Risk Management 332-1871

INFORMATION TECHNOLOGY AND COMMUNICATION SERVICES, DIVISION OF

The Department of Administration, Division of Information Technology and Communication Services, is responsible for managing telephone equipment and services to State agencies; designing, installing, and maintaining the Capitol Mall Optic Network of Idaho; and maintaining the Microwave Emergency Communication System.

Communications 334-3620
Network Services 334-2885
Postal Services 334-2139

PUBLIC WORKS, DIVISION OF

The Department of Administration, Division of Public Works, is responsible for providing construction management services to all State agencies for building projects; and maintaining and providing capital upgrades to State buildings for the Capitol Mall, Idaho Falls, and Lewiston areas.

Facilities Management 332-1936

PURCHASING, DIVISION OF

The Department of Administration, Division of Purchasing, is responsible for providing purchasing services to all State agencies; providing photocopy services, records management, microfilm services, and providing central postal services.

Central Postal Services 332-1951
Division of Purchasing 327-7465
Copy and Records Services 327-7471

CENTRAL RECORDS MANAGEMENT, BUREAU OF

Idaho Code Title 9, Chapter 4

The Department of Administration, Division of Purchasing, Bureau of Central Records Management is responsible for developing, and maintaining policies and procedures for storage, retention, research, retrieval, safeguarding and distribution of records.

Copy and Records Services 327-7471

ATTORNEY GENERAL, OFFICE OF THE

Idaho Code Title 67, Chapter 14

The Office of the Attorney General provides legal representation to the State of Idaho. This representation is furnished to the State's agencies in the furtherance of the State's legal interests. The Attorney General's Office advises all departments, agencies, offices, officers, boards, commissions, institutions, and other state entities in all matters involving questions of law. This function also extends to advising agencies on code sections related to fiscal policy and fiscal management.

Office of the Attorney General 334-2400

CONTROLLER, OFFICE OF THE STATE

Idaho Code Title 67, Chapter 10

The State Controller, as the Chief Fiscal Officer of the State, is responsible for establishing statewide fiscal policies and internal control standards; prescribing and maintaining an accurate and modern statewide system of accounting and bookkeeping which incorporates all necessary controls to ensure expenditures are not made in excess of, or for purposes other than, those authorized by law; issuing accrual based financial statements at fiscal year end; processing the State's payroll in compliance with all related laws and regulations; and providing technical data processing support to State agencies. The State Controller is ex officio Secretary of the Board of Examiners and a member of the Board of Land Commissioners.

Computer Services Help Desk 334-4808

Statewide Payroll 334-2394

STARS Help Desk 332-8827; dsahelpline@sco.state.id.us

Statewide Accounting 334-3150

EXAMINERS, BOARD OF

Idaho Code Title 67, Chapter 20

The Board of Examiners, consisting of the Governor, Secretary of State, and Attorney General, is responsible for approving or disapproving claims falling outside the ordinary operations of State government, or ones against the State; establishing travel policies, moving policies, and expense limitations; authorizing rotary accounts and disposal of capital assets; and approving certain internal service fund rates, transfers, and restricting appropriations within legal limitations.

Secretary of the Board 334-3100

FINANCIAL MANAGEMENT, DIVISION OF

Idaho Code Title 67, Chapters 19 and 35

The Division of Financial Management assists policy makers and agencies in allocating resources to best meet the needs of the State by producing the Governor's annual budget recommendation to the Legislature.

Duties include economic forecasts of revenues; monitoring agency compliance in regard to appropriations, gubernatorial policies, and statutes; approving changes in appropriations, non-cognizable fund spending authority, position establishment, salary increases, and miscellaneous encumbrance requisitions (MER's).

The Division is responsible for State agency strategic plans, annual performance plans, and accountability reporting; reviewing policies and procedures, interdepartmental functions, and statewide planning; and recommending improvements to prevent duplication and promote efficiency.

The Division has statewide authority over coordination and negotiation of federal funds. Its responsibilities include reviewing central and internal service fund operations and preparing statewide federal reports such as cash management, cost allocation, and single audit.

Division of Financial Management 334-3900

GOVERNOR, OFFICE OF THE

Idaho Code Title 67, Chapter 8

The Governor is vested with the supreme executive power. He appoints department heads and members of boards and commissions; issues executive orders which have the force and effect of law; drafts and recommends a budget to the State Legislature; and on extraordinary occasions, can convene special sessions of the Legislature. The Governor must give final approval by signing bills passed by the Legislature and has the power to veto bills. The legislature can override a veto by a two-thirds vote of each chamber. He is Commander-in-Chief of the military forces, except when they are called into actual service of the United States. He is President of the Board of Examiners and Chairman of the Board of Land Commissioners. A list of executive orders and proclamations can be found on the Governor's Internet home page.

Office of the Governor 334-2100

LEGISLATIVE SERVICES OFFICE

Idaho Code Title 67, Chapter 4

BUDGET AND POLICY ANALYSIS

The Legislative Services Office, Budget and Policy Analysis, provides the Joint Finance-Appropriations Committee (JFAC) and the entire Legislature with an independent, professional analytical staff. During the legislative session and throughout the year, the Budget and Policy Analysis staff provides the Legislature and JFAC with information about agency programs,

costs, and issues; assists JFAC in establishing funding priorities; provides analytical expertise to germane committees and interim study committees; assists the Legislature in developing expertise in budget development and fiscal matters; acts as a liaison between State agencies and the Legislature; and conducts studies, evaluations, and research as directed.

Budget and Policy Analysis 334-3531

LEGISLATIVE AUDITS

The Legislative Services Office, Audits, is primarily responsible for performing fiscal/compliance audits of Idaho State agencies; functioning as a resource for other agencies by responding to questions and performing special projects as requested by agencies, house and senate members, and others; conducting desk reviews of local government audits conducted by independent auditors; providing technical assistance and serving as a resource for local governments, independent CPA's, and State agencies in matters pertaining to governmental audits.

Legislative Services Office 334-3540

RESEARCH AND LEGISLATION

The Legislative Services Office, Research and Legislation, is primarily responsible for preparing drafts of legislation suitable for introduction to the House of Representatives and the Senate; analyzing administrative rules; providing the Legislature with information required in the decision making process; preparing statements regarding proposed constitutional amendments; assisting the Citizen's Committee on Legislative Compensation; maintaining and providing computer searches of the *Idaho Code* database; preparing and distributing status reports on legislation both during and after a legislative session; preparing Session Laws for publication.

Research and Legislation 334-2475

PERFORMANCE EVALUATIONS, OFFICE OF

Idaho Code Title 67, Chapter 4

The Office of Performance Evaluations is a nonpartisan, independent office that serves the Legislature through evaluation and review of government programs and agencies. Evaluations determine whether these programs and agencies are managed efficiently, could operate more cost-effectively, and are achieving intended results. The agencies, programs, and other topics for evaluation are determined by the Joint Legislative Oversight Committee, a bipartisan, bicameral committee of the Legislature responsible for overseeing the office. The completed reviews, which are made available to the public, are used by the Legislature to make policy and appropriation decisions and by agencies to improve performance. The office also receives annual State agency performance reports for use in ongoing evaluation activities.

Office of Performance Evaluations 334-4860

HUMAN RESOURCES, DIVISION OF

Idaho Code Title 67, Chapter 53

The Division of Human Resources is responsible for the administration of a personnel system for classified state employees. The purpose of this personnel system is to provide a means whereby classified state employees are examined, selected, retained, promoted and compensated on the basis of merit and their performance of duties.

The Division Administrator oversees a compensation system that attracts, retains, and recognizes the performance of employees; develops testing and evaluation practices to rank candidates based on their potential to perform state jobs, provides training opportunities and consultation to enhance the State's management of human resources; and maintains personnel files for all State employees, classified and non-classified. The Division Administrator advises the Governor on human resource management issues. The Division also provides administrative support to the Idaho Personnel Commission, whose responsibilities focus on formal hearings to resolve certain employment-related disputes.

Division of Human Resources 334-3345

TREASURER, OFFICE OF THE STATE

Idaho Code Title 67, Chapters 12 and 13

The State Treasurer is responsible for: being a central depository for all monies paid to the State; issuing receipts for deposits made by State agencies; paying warrants issued by the State Controller; keeping daily balances of all monies received and disbursed for each State fund; investing surplus cash; investing the millennium fund; being a custodian of securities and investments for various separate accounts and agencies; being custodian for securities from insurance companies which are deposited with the State Treasurer before an insurance company can do business in worker's compensation insurance; maintaining a State information depository recording debt information on all municipal debt issued in the State of Idaho with a maturity of longer than one year; and being custodian of the Public Schools Endowment Fund.

Office of the State Treasurer 334-3200